

**COUNTY OF SAN LUIS OBISPO BOARD OF SUPERVISORS  
AGENDA ITEM TRANSMITTAL**

(1) DEPARTMENT General Services Agency	(2) MEETING DATE 10/7/2014	(3) CONTACT/PHONE Machelle Vieux, 781-5200	
(4) SUBJECT Submittal of a resolution authorizing: 1) the surplus and sale of County-owned real property at 790 Cornwall Street in Cambria by public auction; and 2) a budget adjustment to increase the Library's Facilities Planning Reserve, Fund 1205000000, by the amount of the net proceeds of sale. District 2.			
(5) RECOMMENDED ACTION It is recommended that the Board: <ol style="list-style-type: none"> <li>1. Hold a public auction for the County's vacant real property on Cornwall Street.</li> <li>2. Approve a deed transferring title of the property to the highest qualified bidder.</li> <li>3. Authorize the County Real Property Manager to sign all other related documents to close the escrow.</li> <li>4. Authorize a budget adjustment, after net proceeds of the sale have been determined, to increase the Library's Facilities Planning Reserve, Fund 1205000000 by the amount of the net proceeds of sale by 4/5 vote.</li> </ol>			
(6) FUNDING SOURCE(S) Revenue to Library's Facilities Planning Reserve	(7) CURRENT YEAR FINANCIAL IMPACT Net sales proceeds of sale. Minimum bid is \$210,000, with approx. \$186,000 going to the Library's Facilities Planning Reserves.	(8) ANNUAL FINANCIAL IMPACT \$0.00	(9) BUDGETED? Yes
(10) AGENDA PLACEMENT <input type="checkbox"/> Consent <input type="checkbox"/> Presentation <input type="checkbox"/> Hearing (Time Est. ____ ) <input checked="" type="checkbox"/> Board Business (Time Est. <u>20 min.</u> )			
(11) EXECUTED DOCUMENTS <input checked="" type="checkbox"/> Resolutions <input type="checkbox"/> Contracts <input type="checkbox"/> Ordinances <input type="checkbox"/> N/A			
(12) OUTLINE AGREEMENT REQUISITION NUMBER (OAR) N/A		(13) BUDGET ADJUSTMENT REQUIRED? BAR ID Number: 1314111 <input checked="" type="checkbox"/> 4/5 Vote Required <input type="checkbox"/> N/A	
(14) LOCATION MAP Attached	(15) BUSINESS IMPACT STATEMENT? No	(16) AGENDA ITEM HISTORY <input type="checkbox"/> N/A    Date: <u>1/4/2005, 9/1/2009, 10/27/2009, 12/13/2011, 1/7/2014, 4/8/2014, 7/8/2014</u>	
(17) ADMINISTRATIVE OFFICE REVIEW  Emily Jackson			
(18) SUPERVISOR DISTRICT(S) District 2			

# County of San Luis Obispo



TO: Board of Supervisors

FROM: General Services Agency / Machelie Vieux  
781-5200

DATE: 10/7/2014

SUBJECT: Submittal of a resolution authorizing: 1) the surplus and sale of County-owned real property at 790 Cornwall Street in Cambria by public auction; and 2) a budget adjustment to increase the Library's Facilities Planning Reserve, Fund 1205000000, by the amount of the net proceeds of sale. District 2.

## **RECOMMENDATION**

It is recommended that the Board:

1. Hold a public auction for the County's vacant real property on Cornwall Street.
2. Approve a deed transferring title of the property to the highest qualified bidder.
3. Authorize the County Real Property Manager to sign all other related documents to close the escrow.
4. Authorize a budget adjustment, after net proceeds of the sale have been determined, to increase the Library's Facilities Planning Reserve, Fund 1205000000 by the amount of the net proceeds of sale by 4/5 vote.

## **DISCUSSION**

The former Cambria Library located at 900 Main Street had outgrown its space requirements over the past decade, and Library staff worked with the Cambria Friends of the Library ("Cambria FOL") to find a new, larger location. It is a County policy that new library facilities can be considered for purchase when the community contributes half of the funds needed for the project. As agreed with the Cambria FOL, vacant lots at 790 Cornwall Street near the intersection of Hillcrest Drive (APNs 022-123-003 and 022-123-022) were purchased by the County on February 17, 2005 at a price of \$518,000 with the intention to build a new library on the property. The lots total approximately 17,229 square feet in size and are zoned Commercial Retail. Attachment 1 is a location map and Attachment 2 is a parcel map.

In 2009, a property located at 1043 Main Street in Cambria with a new building under construction, was identified by the Cambria FOL as another option for the new library. It appeared to be a better location for the library and could be completed at a lower cost. The property was purchased by the County at a price of \$2,800,000 on November 3, 2009, and the new library opened at this location on December 26, 2013.

On September 1, 2009, the County signed a Memorandum of Understanding (MOU) with the Cambria FOL that estimated the cost to finish the new Cambria library improvements and determined the amount of funds necessary to be raised by the Cambria FOL. On December 13, 2011, a revised MOU extended the timeline for fundraising by the Cambria FOL and amended the sale requirement for the vacant lots on Cornwall Street so that they could be sold at any time. The County and the Cambria FOL are each credited 50% of the net proceeds of the sale of both the Cornwall lots and the former Cambria Library location at 900 Main Street toward the fundraising goal for the new library.

The County will proceed with the sale of the former library location upon completion of a General Plan Amendment and rezoning process. The Cambria Community Services District had expressed an interest in acquiring the former library at 900 Main Street, but they rejected the County's offer because the appraised value of the property was more than the District was willing to pay and because the timing was problematic due to the District's recent funding commitment to an

emergency water supply project. The Cornwall lots were also offered to the District and to other government agencies but none have opted to purchase them.

Included with the sale of the Cornwall lots is 1.29 commercial equivalent water dwelling units (EDU's) allocated to APN 022-123-003 by the Cambria Community Services District (CSD) in an Intent to Serve Letter that is valid until June 1, 2017. The purchaser will need to have the Intent to Serve Letter transferred into their name. Water connections during a Stage 3 water crisis, as is currently in place in Cambria, are not permitted by the Cambria CSD. One of the two lots (APN 022-123-003) also is encumbered with an irrevocable license agreement that requires the property owner to provide parking for five cars to serve an off-site development.

The first auction for the Cornwall properties was held by the Board on April 8, 2014, but no bids were received. The Board approved Resolution #2014-88 to reschedule the auction to July 8, 2014, with no other change of terms. No bids were received at the second auction, and the Board approved Resolution #2014-170 (Attachment 3) to reschedule the auction to October 7, 2014 and lowered the minimum bid price from \$250,000 to \$210,000. Written bids on the County's bid form (Attachment 4) are due by 5:00 PM on October 6, 2014, and the legal notices of the auction have been published. Approval of the Resolution to Surplus and Sell (Attachment 5) will authorize the auction and sale of the Cornwall properties on October 7, 2014 under the following terms and conditions:

- The minimum acceptable bid price will be \$210,000.
- A nonrefundable deposit of \$10,000 payable by cashier's check to the County of San Luis Obispo shall be required with the offer.
- The balance of the purchase price shall be payable in cash through escrow, and escrow shall close within 45 days following approval of the County Board of Supervisors.
- The property will be sold in as-is condition, with no repairs or reports provided by the County except a preliminary title report.
- No conditions of sale will be accepted, including financing conditions, except that the sale will be subject to the approval of the assignment of County's 1.29 water equivalent dwelling units by the Cambria CSD to the purchaser at the purchaser's sole cost.
- Upon successful close of escrow, a real estate sales commission of three (3) percent of the selling price, or an amount as otherwise determined by California Government Code Section 25531 and 25532, shall be payable from the proceeds of sale to a selling broker who is instrumental in obtaining the offer to purchase, provided that the broker is identified at the time of the bid.
- County and purchaser shall pay their own customary closing costs for San Luis Obispo County.
- Title to the property shall be transferred in the form of a grant deed (Attachment 6).

In order to encourage bidding, the minimum bid has been reduced to \$210,000 from the original minimum bid of \$250,000, which has not previously produced any bids on the property. The reduced minimum bid was proposed by staff based upon review of comparable sales data and an appraisal by a member of the Appraisal Institute (MAI) certified appraiser. Written bids received before the deadline will be opened at the auction, followed by an opportunity for oral bidding. In the event that no written bids are received, no oral bidding will take place, and the auction will be rescheduled.

The property has been marketed to real estate offices, and a commission will be paid to a qualifying broker as described above. A sign has been placed on the property, and ads and legal notices have been run in a local newspaper and on Craigslist. Interested parties were also able to obtain a bid form by contacting Linda Van Fleet ([lv fleet@co.slo.ca.us](mailto:lv fleet@co.slo.ca.us)) or Shauna Dragomir ([sdragomir@co.slo.ca.us](mailto:sdragomir@co.slo.ca.us)) by e-mail or by calling County Real Property Services at 805-781-5200.

#### **OTHER AGENCY INVOLVEMENT/IMPACT**

County Library and the Cambria Friends of the Library were financial and supportive partners of the endeavor to bring a new, larger library to the community of Cambria. The Cambria CSD approved the Intent to Serve Letter for water service on APN 022-123-003 and will be processing a transfer to the new owner. The County Environmental Coordinator has issued a Notice of Exemption stating that the sale of the property is categorically exempt from CEQA per Section 15312 (a)(b)(2). On October 24, 2013, the County Planning Commission filed the General Plan Conformity Report, finding that the sale of the property is in conformity with the County General Plan. County Counsel has reviewed and approved the Resolution and bid form for legal form and effect.

## **FINANCIAL CONSIDERATIONS**

The value of the Cornwall properties has depreciated since they were acquired by the County in 2005. When the eventual sales price of the property is determined at the auction, additional funding will need to be donated in order to achieve the financial goals as estimated in the 2011 Memorandum of Understanding between the County and the Cambria FOL. If the sales price of the property does not exceed the minimum bid, the reduction in value plus the costs to sell the property (approximately \$24,000) will result in a loss of approximately \$332,000.

On October 27, 2009, the Board approved the purchase of the new library building at 1043 Main Street, Cambria. As part of that purchase, a loan was made from the Library's Facilities Planning Reserve in the amount of \$631,784 to the project in order to purchase the building. The net proceeds from the sale of the Cornwall properties will pay back a portion of this loan. Approval of a budget adjustment request by 4/5 vote will increase the Library's Facilities Planning Reserve Fund 1205000000 by the amount of the net proceeds from the sale of the Cornwall properties, which is estimated at \$186,000 if the sale price is the minimum bid. The resolution authorizes the Auditor - Controller - Treasurer - Tax Collector's Office to complete the budget adjustment when the amount of the net proceeds is determined.

## **RESULTS**

Approval of the Resolution will allow the Board to hold a public auction of vacant County-owned properties at 790 Cornwall Street. The sale will allow the net proceeds to be contributed toward the new, larger Cambria Library at 1043 Main Street to better serve the community of Cambria. This action will help the County to achieve a Communitywide Result of a Livable Community by promoting lifelong learning through improvements to our Library locations and programs.

## **ATTACHMENTS**

1. Location Map
2. Assessor's Parcel Map
3. Second Amended Resolution of Intention to Sell
4. Bid Form
5. Resolution Authorizing Sale
6. Sample Grant Deed